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HFRI POSTS MIXED PERFORMANCE IN MARCH, GAINS FOR 1Q18 AS EQUITIES FALL

*Activist, Energy and RVA lead March performance;
HFRI Healthcare, Technology Indices top Nasdaq for 1Q18;
HFR Blockchain Index posts steep decline*

CHICAGO, (April 6, 2018) – Hedge funds posted mixed performance in the volatile month of March, as global equities declined on increasing trade and tariff tensions. The HFRI Fund Weighed Composite Index[®] (FWC) posted a decline of -0.25 percent for March, as reported today by HFR[®], the established global leader in the indexation, analysis and research of the global hedge fund industry. For the First Quarter 2018 (1Q18), the HFRI FWC advanced +0.35 percent, topping the declines of the DJIA, S&P 500, and most European and Asian regional equity market indices.

Fixed income-based Relative Value Arbitrage (RVA) was the only main strategy that produced positive returns in March, as equities and interest rates both declined, with the HFRI Relative Value (Total) Index posting a narrow gain of +0.02 percent for the month. In the quarter, the HFRI RVA Index gained +0.84 percent, leading all HFR main strategy indices, while the HFRI RVA (Asset Weighted) Index jumped +1.43 percent, as larger credit multi-strategies posted stronger returns. RVA monthly and quarterly performance was led by the HFRI RV: Fixed Income-Asset Backed Index, which gained +0.5 percent in March and +2.3 percent in 1Q18. Volatility strategies returned +0.12 percent in March, though the Index ended the quarter down -1.4 percent.

Macro hedge funds posted a small decline of -0.18 percent in March, concluding a volatile quarter in which the Index gained +2.8 percent in January before a steep decline of -3.5 percent in February, ending 1Q18 with a loss of -0.97 percent. The HFRI Macro: Systematic Diversified Index gained +0.12 percent for March, though the Index declined -2.3 percent for 1Q18. Also in the quarter, larger Macro funds slightly outperformed the equally-weighted average, with the HFRI Macro Index (Asset Weighted) Index posting a smaller decline of -0.67 percent in 1Q18.

The HFRI Equity Hedge (Total) Index posted a decline of -0.31 percent in March, though the Index gained +0.7 percent for 1Q18, topping most equity market indices globally. EH performance in March was led by Energy and Technology funds, with the HFRI EH: Energy/Basic Materials Index gaining +1.0 percent, while HFRI EH: Technology added +0.3 percent. For the quarter, the HFRI Tech Index jumped +5.1 percent and the HFRI EH: Healthcare Index added +2.8 percent, with the former effectively doubling the 1Q18 gain of the Nasdaq Composite Index. The HFRI EH: Multi-Strategy Index also advanced +2.0 percent for 1Q18.


Activist funds led Event-Driven strategy performance in March, with the HFRI ED: Activist Index gaining +2.1 percent for the month. In 1Q18, the HFRI Event-Driven (Total) Index advanced +0.2 percent, despite posting a decline of -0.49 percent in March. Larger ED funds outperformed smaller ED funds over the quarter, as the HFRI Event-Driven Index (Asset Weighted) Index advanced +0.74 percent in 1Q18. Credit Arbitrage funds led ED sub-strategy performance for 1Q18, with the HFRI ED: Credit Arbitrage Index gaining +1.9 percent in the quarter.


Risk Parity funds advanced in March as equities declined and bonds gained, partially recovering sharp declines from the prior month with the HFR Risk Parity Vol 15 Index returning +0.89 percent for the month, while the HFR Risk Parity Vol 10 Index added +0.51 percent.

Funds investing in the volatile Blockchain sector suffered steep declines in March as global cryptocurrencies also fell sharply for the month. The HFR Blockchain Composite Index declined -42.9 percent in March and ended 1Q18 at -52.6 percent, which follows the +2,774 percent gain in 2017.

“March and the first quarter of 2018 have already defined a significantly divergent financial market and hedge fund performance environment than prior years, with the shift and

volatility punctuated by escalation of trade and tariff politics and economics,” stated Kenneth J. Heinz, President of HFR. “As most equity markets declined, hedge funds quickly adapted to low and non-correlated exposures across asset classes, and to capital protection and preservation positions, en route to producing a first quarter gain. It is likely that these trends will not only continue, but accelerate into mid-year, driving uncorrelated gains and industry capital growth.”

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